

**MARYLAND DEPARTMENT OF NATURAL RESOURCES
FOREST SERVICE**

Operation Order 2015-601

Effective: April 1, 2015

Timber Operation Order

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TIMBER OPERATION ORDER

Operations Order: 2007-601

I) Forest Products Sales On State Land

A) General Statement

1. This Timber Operation Order supersedes 94-601. The purpose of the operation order is to establish guidelines for the sale of forest products, and to insure that legal and uniform procedures are followed statewide in administering such sales.
2. The Maryland Department of Natural Resources supplies the local wood-using industry with controlled and sustainable sales of sawtimber, piling, pulpwood, poles, posts, fuelwood and forest greens from its lands. Many Maryland communities benefit from forest management activities on State lands. Local contractors depend upon the availability of the raw material (trees) to process and market. Proper forest management allows that selected, mature, merchantable and often overmature and defective trees be removed in order to: improve the health and vigor of the residual trees, maintain water quality, improve wildlife habitats, expand recreational opportunities, provide the sustained yield of wood products, and to maintain or improve ecological diversity.

B) State Law

1. The State law governing the sale of State forestland products, etc., is found in the State Finance and Procurement Article, Section 10-305. This law states, in essence, that any personal property of the State of Maryland may be sold for a consideration adequate in the opinion of the Board of Public Works. If such personal property is disposed of, the conveyance of such property shall be executed by the department head and by the Board of Public Works.

C) Board of Public Works Policy

1. The following requirements governing the sale of forest products have been established by the State Board of Public Works, effective March 2, 2005.
2. Purpose: To set forth procedures for the Department of Natural Resources to follow in selling or otherwise disposing of forest products derived from State forests and other State properties administered and managed by DNR.
3. Authority: Any real or personal property of the State may be sold or disposed of for a consideration the Board of Public Works decides is adequate. Section 10-305, State Finance and Procurement Article, Annotated Code of Maryland.

4. Background: This Forest Products Sales Policy was first approved as the Timber Sales Policy in 1976; since then, the Board has revised the policies and procedures five times, most recently in 1987. This Advisory supersedes the 1987 “Timber Sales Policy,” and renames the Policy the “Forest Products Sales Policy.”
5. Policy:
 - (a) Forest Products Sales: DNR will conduct and supervise sales of forest products from State forests and other State properties administered and managed by DNR in accordance with this Forest Product Sales Policy and appropriate forest management practices.
 - (b) Two Sales Methods: Except in the case of State forests and other DNR-managed State properties acquired in whole or in part with proceeds of outstanding State general-obligation bonds, DNR may conduct forest product sales using either of the following methods:
 - (1) One-step Method - DNR may, by competitive bid, sell forest products to a person who, after award, will enter the DNR property, harvest the forest products, and remove the products.
 - (2) Two-step Method - DNR may procure forest-harvesting services from licensed forest-products operators possessing Maryland Master Logger status. DNR may, by competitive bid, then sell the harvested products.
 - (c) Bond-Financed Property: In the case of State forests and other DNR-managed State properties acquired in whole or in part with proceeds of outstanding State general obligation bonds, DNR is required to use the two-step method. DNR shall deposit proceeds from such sales in the Forest or Park Reserve Fund established under Section 5-212 of the Natural Resources Article, Annotated Code of Maryland.
 - (d) Sales of \$50,000 or Less: The Board of Public Works delegates to DNR the authority to approve individual forest product sales that are reasonably anticipated to generate revenue of \$50,000 or less and that are conducted as follows:
 - (1) DNR shall conduct sales reasonably anticipated to generate revenue between \$5,000 and \$50,000 by soliciting in writing competitive bids, to be submitted in writing - sealed or unsealed - as directed in the solicitation. DNR shall award these contracts on a lump sum or cost-per-weight basis.
 - (2) DNR shall conduct sales reasonably anticipated to generate revenue of \$5,000 or less by soliciting orally or in writing bids from at least one bidder. For standing firewood timber sales with an estimated value of \$5,000 or less, DNR may determine before accepting bids that payment will be in the form of processed and delivered firewood instead of cash. The high bidder is the bidder offering the greatest volume of firewood processed and delivered according to DNR specifications.
 - (3) Before awarding any contract in excess of \$50, DNR must obtain approval from its Office of the Attorney General and its procurement officer.
 - (e) Sales in Excess of \$50,000: DNR shall conduct sales reasonably anticipated to generate revenue in excess of \$50,000 by soliciting in writing competitive sealed bids. DNR must obtain Board of Public Works approval for all forest product

sales with anticipated revenue greater than \$50,000. DNR shall award these contracts on a lump sum or cost-per-weight basis.

(f) Rejecting All Bids: After opening of bids but before contract award, DNR may reject all bids in whole or in part if DNR determines that this action is fiscally advantageous or otherwise in the State's best interest.

(g) Maryland Master Logger: Effective January 1, 2006, forest product contractors (excluding contractors on firewood sales) must utilize only those licensed forest products operators possessing Maryland Master Logger status.

II) Annual Work Plans

A) Submittal of Annual Work Plans

1. The Department will prepare an Annual Work Plan for each State Forest or other Department property planning timber sales, for the coming fiscal year. Each Annual Work Plan will include a list of projects for that fiscal year.

2. Annual Work Plan Sections

(a) Work Plan Summary

(b) Maintenance Projects

(c) Recreation Projects

(d) Special Projects

(e) Watershed Improvement Projects

(f) Restoration Projects

(g) Monitoring Projects

(h) Ecosystem Restoration Projects

(i) Interdisciplinary Team Comments

(j) Advisory Committee Comments

(k) Public Comments

(l) Silvicultural Projects

(1) Area description, including:

(i) Forest community types and development, size class and/or successional stages, and associated natural disturbance regimes

(ii) Rare, Threatened and Endangered (RTE) species and rare ecological communities (including plant communities),

(iii) Other habitats and species of management concerns

(iv) Water resources and associated riparian habitats and hydrologic functions,

(v) Soil resources; and

(vi) Historic conditions related to forest community types and development, size class and/or successional stages, and a broad comparison of historic and current conditions.

(2) Estimate of acres to be harvested,

(3) Estimate of board foot volume,

- (4) Regeneration plan,
- (5) Silvicultural description,
- (6) Pesticide use (including likely chemicals and applications), and
- (7) Map highlighting the work area.

B) End of Fiscal Year Summary

1. The Department will prepare an End of Fiscal Year Summary for each State Forest or other Department property where forest management occurred.
2. End of Fiscal Year Summary Contents:
 - (a) Proposed timber sale status,
 - (b) Area description,
 - (c) Silvicultural description,
 - (d) Acres harvested,
 - (e) Board foot volume harvested,
 - (f) Amount of bid, and
 - (g) Top bidder for each sale.

III) Guidelines

A) Small Products Sales (estimated value of \$5,000.00 or less)

1. Sales amounting to five thousand dollars (\$5,000.00) or less that are made for the Convenience of the Department (e.g., sales of storm damaged timber, limited thinning, etc.) will be subject to an informal bidding procedure (soliciting orally or in writing bids from at least one bidder).
2. Minor miscellaneous sales of fifty dollars (\$50.00) or less may be covered by a field receipt and hold harmless statement.
3. Sales greater than fifty dollars (\$50.00) but less than or equal to five thousand dollars (\$5,000.00) will use the Small Products Timber Sale Agreement (DNR/FS-310, Rev. 12/05 (see Addendums) and will require the following:
 - (a) They may be made using an informal bidding process (soliciting orally or in writing bids from at least one bidder), provided they are performed with the knowledge and approval of the manager.
 - (b) The requirement of a performance bond will be left to the discretion of the manager (e.g., potential damage to roads, ditches, culverts or other state property that may result from the logging operation).
 - (c) They may be part of the annual work plan for the area.
 - (d) They require approval of the appropriate Director of the DNR Lands involved.
 - (e) They require a written environmental assessment report (E.A.R.).
 - (f) They will be forwarded to the Environmental Specialist for review and submission to the Procurement Office for obtaining approval and signature.

B) Forest Products Sales (over \$5,000.00)

1. Sales amounting to more than five thousand dollars (\$5,000.00) will be subject to a formal competitive bidding process. Contract awards to successful bidders shall be made by the Department and included in the Summary of Annual Work Plan at the end of each fiscal year.
2. Sales amounting to fifty thousand dollars (\$50,000.00) or more will be subject to a formal competitive bidding process. Contract awards to successful bidders will be subject to the prior approval of the Board of Public Works.
3. Competitive Bidding and Award of Contract
 - (a) Effective January 1, 2006, successful timber sale bidders shall utilize only those forest products operators maintaining Maryland Master Logger status to harvest forest products, excluding firewood.
 - (b) A copy of the complete timber sale agreement (contract) will be made available to all prospective bidders (DNR/FS-352 or DNR/FS-352WT, Rev 12/05, see Addendums). This bid proposal shall contain all conditions of the sale, especially any conditions mentioned in the forest products sale invitation to bid (see Addendums).
 - (c) The opening of competitive bids will be conducted by the local manager (or his/her representative) and will occur promptly at the time and place advertised. No bids will be accepted after the advertised time. The manager will inform all bidders of the high bid and that a contract will be awarded subject to approval by the Department.
 - (d) When identical high bids are received for the same forest products sale, the manager (or the designated forest officer) will resolve the tie at the time of the bid opening, (if at all possible) and in accordance with the following procedure:
 - (1) The manager will invite those bidders, involved in the tie, to participate in an oral bid procedure to determine the successful bidder. In the event all parties involved fail to participate in the oral bidding process, then the tie will be resolved by the flip of a coin, or by a random drawing in the case of more than two tie bids. A written report naming the state employees and bidders present, the method used to break the tie, and the date and time of bid opening, will be forwarded with the bids.
 - (e) For any sale of standing firewood timber, the manager may determine at his/her option, on a selective basis, prior to soliciting bids, that compensation to the State will be in the form of processed and delivered firewood (payment-in-kind) in lieu of cash payments. The highest bid will therefore be the offer of the greatest volume of firewood processed and delivered according to the manager's specifications. The manager, in his/her sole discretion, may reject any or all bids. Each contract will be subject to all criteria in this operations order. If this condition of payment does not involve a commercial operator, the requirement as a "Licensed Forests Products Operator" does not apply. (DNR/FS-400, see Addendums).

- (f) Contract Amendments (see Addendums). The most common amendments involve:
 - (1) Contracts which may allow the successful bidder to purchase additional quantities of similar products (threatened by disease or pests) for the same price in the same area without further bidding (DNR/FS-352E and DNR/FS-352F), or
 - (2) The contract period of an existing sale can be extended. Contract amendments cannot exceed a combined total of fifty thousand dollars (\$50,000.00) without following the formal bid process and receiving Board of Public Works approval (DNR/FS-402).
- (g) The appropriate manager using established criteria should develop the fair market value. (Refer to IV.3)
- (h) In the event no bids are received or if the bids received are unacceptable, the Department may follow one of the three following procedures. Please note that bids received under any one of the three procedures must be equal to or greater than the fair market value.
 - (1) Repeat the formal bid process.
 - (2) Negotiate a sale at a figure not less than the fair market value of the forest products. This negotiated sale procedure shall apply only where one buyer is involved and if the offer is received within 60 days following the close of the formal bidding.
 - (3) Advertise the fair market value as determined by the Department and request written bids within a prescribed time limit.
- (i) In the event a contract is awarded to the highest bidder but that bidder fails to post the performance bond or otherwise unequivocally reneges on the contract within 60 days after the bid opening, the Department may terminate the contract. The manager must, after a reasonable period of time, advise the original bidder, by certified letter, to advise him (or her) of the elapsed time, and to submit payment by a specific date. The letter must provide the bidder sufficient time to remit payment, after which time his (or her) contract will be terminated and the bid bond (if applicable) will be forfeited. The manager must first terminate the original contract before he can offer the sale to the next highest bidder(s). At the conclusion of this process the manager may then offer the sale to the next highest bidder(s), without having to rebid the timber sale. In this event the Department shall collect the bid bond of the next highest bidder. This bidder's price must be equal to or greater than the fair market value unless the manager can justify a lower bid (e.g., because of insect or disease problems, poor market conditions, salvage problems, unusual weather conditions, etc.). In any other situation, rebidding of the forest products sale will be required.
- (j) The forest manager may issue firewood permits to be used for the applicant's personal use only. Unless at the discretion of the manager, normally no more than two firewood permits will be issued to an individual during any given calendar year.

C) Contract for Harvesting Services

1. The Department may contract with an operator who possesses a current Forest Products Operators License and maintains Maryland Master Logger status to provide harvesting services to improve the forest, on tracts that are not the subject of a timber sale bid. These contracts may be awarded on a cost per weight basis. The harvested material shall be delivered to destinations as directed by the Department.
2. Service contracts shall be awarded following the standard sealed bid process.
3. The Department may elect to award service contracts for either:
 - (a) An individual tract, or
 - (b) Multiple tracts, or
 - (c) A specified period of time for tracts to be determined by the Department.
4. Successful bidders shall be expected to perform services to the Department's standards; failure to meet performance standards is cause for termination of the contract.
5. The Department may at its discretion require bidders to satisfactorily demonstrate the ability to perform the required harvesting service at acceptable standards. As such, interested bidders failing to demonstrate the ability to perform these services satisfactorily may, at the Department's discretion, be excluded from the bid process.
6. The Department shall solicit written bids for delivered pricing of various forest products originating from intermediate harvests on a weekly basis from interested qualified bidders. The Department may consider delivery costs to each bidder in deciding the winning award.
7. The Contract Harvester shall manufacture and segregate the various forest products according to specifications provided by the Department. The Contract Harvester shall deliver the various forest products to destinations as directed by the Department.
8. The Department will receive bids from wood processing facilities (e.g. sawmills) for wood delivered to their facility according to the specifications detailed in the Delivered Log Price Bid Form (DNR/FS-312).
9. Delivered Log Price Bid Forms may be forwarded to the forest manager by one of the following methods:
 - (a) Facsimile
 - (b) Mail
 - (c) Electronic mail (email)
 - (d) Hand delivered
10. Delivered Log Price agreements will be awarded based on the Delivered Price less the Service Contractor's cut and haul rate to the posted mill destination.

D) Operational Procedures

1. For standardization, the following procedures, and requirements must be adhered to in order to process each forest products sale in an efficient manner.
2. Presale Work - For all sales exceeding \$5,000.00 in estimated value, it is necessary to complete the following sequential tasks.
 - (a) Field Review
 - (1) All proposals must include an Annual Work Plan Proposal Information page with the following components:
 - (i) Area map indicating: proposal boundary, State Forest boundaries, Wildlands, High Conservation Value Forests, Old Growth Ecosystem Management Areas and other Old Growth Forests including buffers, Wetlands of Special State Concern including buffers, Ecologically Significant Areas (ESA), retention areas with contiguous blocks of one acre or greater, vernal pools, North arrow and data legend.
 - (ii) Field data including: compartment(s), acres, stand age, forest type, trees per acre, basal area, stocking percent, growth rate, soils, site index, regeneration, and forest composition (1-3 dominant tree species).
 - (iii) Proposal description, and
 - (iv) Expected outcomes
 - (2) Field reviews are conducted each year by an interdisciplinary team (ID Team) for those timber sales to be contracted on state lands in succeeding years.
 - (3) The Review Team is composed of individuals designated to represent specific resource functions or disciplines. In the interest of productivity participation should be restricted to those whose input is important in the accomplishment of the land management objectives.
 - (4) The following units or individuals should be represented:
 - (i) Unit Director or designee responsible for the lands involved
 - (ii) Land Unit Manager
 - (iii) Fisheries
 - (iv) Heritage
 - (v) Wildlife
 - (vi) Parks
 - (vii) Land Acquisition and Planning
 - (viii) Environmental Specialist
 - (ix) Maryland Department of the Environment (invited)
 - (x) Natural Resources Police (invited)
 - (xi) Maryland Historical Trust (invited)
 - (5) Scheduling and coordination of the field reviews is the responsibility of the Environmental Specialist.
 - (6) The responsible land manager conducts the field review.
 - (7) It is the responsibility of the review team to identify and resolve all conflicts and concerns in the field at the time of the review. In such a case where a resolution cannot be resolved at that time, at the Environmental Specialist's discretion, the decision process may be elevated to the directors of the appropriate programs. If a resolution cannot be agreed to by the program

directors, the issue is elevated to the appropriate Department Assistant Secretary for resolution.

- (8) It is the responsibility of the Environmental Specialist to make a written report of the decision, conflicts, and concerns of the ID Team. This record will be distributed to the ID Team members for review within 30 days of the ID Team meeting. The ID Team comments are to be included as part of the final annual work plan.
- (9) It is then the responsibility of the land unit manager to submit the proposed Annual Work Plan to the Citizens Advisory Committee (CAC) for review and comments. A meeting will be scheduled at the convenience of the Citizens Advisory Committee and land manager after the field review by the ID Team has been completed. Comments from the CAC will be submitted to the land manager.
- (10) After the Citizens Advisory Committee meeting has been completed, it is the responsibility of the Environmental Specialist to prepare the proposed annual work plan for public review and comments. This will be done through a public forum such as a public meeting or on the Department's website. Public announcements for the meeting will be prepared by the Environmental Specialist and submitted to the DNR public information office for distribution to media outlets. Comments will be accepted for 30-days and are to be submitted to the Environmental Specialist. The comments are then prepared by the Environmental Specialist and submitted to the land manager to be included in the final AWP.
- (11) The state forest annual work plans must be signed by the unit manager, and then forwarded to the regional supervisor for review and signature. The regional supervisor will then forward it to the Environmental Specialist for final approval.

3. Environmental Assessment Report (EAR)

- (a) Any timber sale (exceeding \$5,000.00 in value) on state lands must have an environmental assessment prepared. The EAR is submitted to the Environmental Specialist with the timber sale contract for review, approval and return. The EAR may be approved conditionally, returned for revision, or rejected. In any case the sale may not proceed until final approval.
- (b) The environmental assessment report (EAR) is a documentation of the thought processes, reasoning, and interdisciplinary recommendations involved in the development of a timber sale proposal. The purpose of the environmental assessment is to determine whether or not the project will result in an irreversible or irretrievable impact(s).
- (c) EAR Contents:
 - (1) Title page - The title page must identify the timber sale, the land management area (State Forest, Wildlife Management Area, Demonstration Forest, etc.) the alternative considered, the preferred alternative, the Finding-Of-No-Significant-Impacts (FONSI) statement, name, signature and date of the manager and name(s) of who prepared the report.

- (2) Maps - There are usually two maps (letter sized) required within the presale report. One map (large scale) is for general orientation, and one (small scale) is the sale map showing sale boundaries, roads, landings, streams, wetlands, wildlife openings, fences, private land, other sensitive areas, silvicultural treatments, and the sequence of logging.
- (3) EAF - The Environmental Assessment Form must be completed for each sale (see Addendums), and
- (4) Narrative - The narrative is supportive of and expands upon the potential positive and negative aspects (if any) of the sale. Some of the most important features that it must include are:
 - (i) Consider all other logical alternatives to the proposal.
 - (ii) The "no action" alternative must be evaluated.
 - (iii) It must identify all adverse impacts of the proposal and describe the mitigation required (if any) to minimize them,
 - (iv) Must contain a FONSI statement before the proposal can be approved, and
 - (v) Must contain a recommendation by the Land Manager.
- (5) Narrative format - The format for the narrative of an environmental assessment report (EAR) should include the following (as applicable) and be discussed (only to the extent necessary) in the explanation of "how".
 - (i) Introduction - Why the proposal, size, where located, who's involved (in the environmental assessment), description of the timber resources and the land area.
 - (ii) Contract Conditions - Contract specifications, responsibilities of both parties, constraints, closing requirements, and controls.
 - (iii) Sale Area
 - 1. Soils, vegetative productivity, erosion hazard.
 - 2. Threatened and endangered species (if any).
 - 3. Important uses of the area.
 - (iv) Transportation - miles of existing and/or proposed roads. Who builds, who maintains, how constructed, impacts on natural resources, plans for closing and seasonal use (if applicable).
 - (v) Recreation - Any sale impacts on majority of sightseers, picnickers, campers, and hikers? Will visual resource be permanently impaired? If so, to what degree? Longevity? And how best abated? (slash disposal for example).
 - (vi) Socio - Economic - How is this proposal important to the community?
 - (vii) Watershed
 - 1. Description
 - 2. What effects on live streams, fish habitat, water quality, water yield, soil movement, down stream users? How to be abated?
 - (viii) Wildlife - any adverse effects on birds and fish or other animals? Is it necessary (and where) to modify silvicultural prescriptions and/or logging operations to provide protection (temporary or permanent)?

- (ix) Silvicultural Treatment – What silvicultural applications will be applied? How will the forest be regenerated? What are the impacts on the timber resource? What is the site potential?
- (x) Sensitive Sites, and Special Coordination - Is special action required to facilitate preservation and protection of specific sites? (Examples include cemetery's, archeological sites, swamps, bogs, wetlands and threatened and endangered flora and fauna, potable water sources and unique plant communities).
- (xi) Permits Required - What is the status of required permit applications (if any)?
- (xii) Summary - Restatement of adverse impacts (if any) and how they are to be minimized.
- (xiii) Conclusion - FONSI statement and recommendation of manager.

4. Sale Appraisal

- (a) Tabulation must be made of the number and net volumes of trees by diameter and species, and the total net volume of timber offered for sale. Volumes are to be expressed in MBF and/or cords or the wood units of the sale can be described in tons. (See Addendums).
- (b) An estimate must be given of the dollar value for a proposed sale on a unit (e.g., per thousand board feet, per cord, or per ton) basis. (See Addendums). Any significant cost to the operator (such as road construction and/or sediment control etc.) should be documented in the appraisal.
- (c) An estimated minimum value of the total expected sale price must be stated.
- (d) A completed Bid Proposal/Contract (DNR-352) is to be included.

5. Advertising

- (a) The invitation to bid (DNR/FS-352B, see Addendums) and sale advertisements need not explain the method of payment. However, they must state that additional information concerning the sale will be made available upon request (the bid package).
- (b) The invitation to bid will be sent to all licensed Forest Product Operators within a reasonable radius around the sale location.

6. Submission of forest products sale documents (Timber Sale Package).

- (a) Having received, opened and announced all the bids in a forest products sale, the manager will submit the following to the Environmental Specialist:
 - (1) A copy of the invitation to bid.
 - (2) Timber valuation and appraisal.
 - (3) A list of all forest products operators invited to bid.
 - (4) A description of the timber, the location and how the sale is marked including boundary markings (within contract).

- (5) A statement by the forest manager, regional forester, regional wildlife manager, park manager or other land unit manager accepting (or rejecting) the highest responsible bid and the recommendation of award of the contract.
- (6) A certification statement by the forest manager, regional forester, or regional wildlife manager, park manager or other land unit manager that the sale conforms to the overall annual work plan for the area and in which annual work plan it was approved. (Certification Form, see Addendums).
- (7) A statement describing when and where the bids were opened and a list of all individuals who witnessed the opening. (Bid_Opening/see Addendums).
- (8) All Bid Proposal/Contracts received. In each contract insure that:
 - (i) For successful bidder, all pages are included and in order, including the required attachments.
 - (ii) Only front and back pages are required for all unaccepted bid contracts.
 - (iii) All entries are written in ink.
 - (iv) All signatures are complete, witnessed and include each individuals name printed or typed directly below the signature line.
 - (v) Timber and marking is completely and correctly described in the contract.
 - (vi) The amount of the bid and the manner of payment is in the contract.
 - (vii) If the successful bidder is an out-of-stand corporation, then appropriate contact information must be completed on the contract for the Resident Agent.
- (9) The EAR with a sale map.
- (10) A statement by the unit manager, regional forester, or regional wildlife manager confirming that the Standard Sediment Control Plan (with maps) has been submitted to the Maryland Department of the Environment (MDE) for approval, and when.
- (11) Confirmation that the appropriate water crossing permits (either temporary or permanent) have been issued by Maryland Department of the Environment, when necessary.
- (12) When appropriate, a statement that a timber sale is either not within the Critical Area, or (if it is) that the area has been reviewed for conformance with the Critical Area Regulation (COMAR 14.19.05.06).
- (13) Evidence the performance bond was obtained/deposited. For cash/check, a copy of the validated deposit ticket, STARS 110 (Certificate of Deposit) and the completed summary of receipts. For certificates of deposit or surety bonds, a copy of the same, and for any other type of bond proffered, a letter of confirmation or acceptance from the legal department (DNR). (Report of Bid/Performance Bond Receipt or Disposition).
- (14) A cover memo listing the above items. (See Addendums).

E) Approval Process

1. Upon receipt of the timber sale package, the Environmental Specialist may accept or reject any or all bids. The appropriate Director will be consulted prior to rejecting any bid.
 - (a) If a suitable high bid is received the Environmental Specialist will review the sale and forward the sale to procurement services and for legal review and contract award.
 - (b) The Environmental Specialist must first be certain that the documentation is complete, the sale is environmentally sound, and a responsive and bonded bid has been accepted.
2. Bonds
 - (a) Bid bonds are required on all sales over five thousand dollars (\$5,000.00) in estimated value.
 - (1) Bid bonds will be at least ten percent (10%) of the bid value.
 - (2) Bid bonds could become the performance bond for the successful bidder if approved by the manager.
 - (3) All unsuccessful bidders will receive their bid bonds back immediately after bid opening.
 - (b) Performance bonds are required for all forest product sales over one thousand dollars (\$1,000.00).
 - (1) The size of the bond will be specified in the sale contract.
 - (2) A minimum bond of ten percent (10%) of the bid value will be required, and may be set appropriately higher as deemed necessary by the manager (e.g., in cases where the state could suffer substantial property damage due to poor harvesting techniques).
 - (3) In cases where other than cash (or check), a certificate of deposit, or a surety bond is proffered by the successful bidder, it must be cleared with the legal department, (DNR) by phone call and letter of confirmation or acceptance.
 - (4) In cases where a cash performance bond is returned, forfeited, or transferred to another sale, a Report of Bid/Performance Bond Receipt or Disposition Form (see Addendum) will be submitted to the Finance and Administration Service with a copy sent to the Environmental Specialist.
 - (c) Performance Bonds will be returned to the contractor upon satisfactory completion of all the contractual requirements. The return of bond is initiated by submitting a Report of Bid/Performance Bond Receipt or Disposition Form to the Finance and Administration Service with a copy to the Environmental Specialist from the appropriate manager, recommending that the bond be returned to the contractor.
3. Legal Review
 - (a) Prior to approval and award of a contract, all forest products sale contracts over \$5,000 will be reviewed by the legal department assigned to DNR for legal form and sufficiency.

- (b) All Timber Sale Contracts must be complete, including the signed and witnessed bid sheet, before submission to Legal.
- (c) When submitting an amendment to a sale contract for approval, for either an extension of time, or additional volumes, a copy of the original sale contract must accompany the submission. Any such amendment should be received 30 days in advance of the contract expiration date.

4. Contract Award

- (a) The full approved purchase price and performance bond (for the forest products sold) shall be collected in full by the manager on or before delivery of the approved contract to the successful bidder (or pursuant to b. and/or c. below).
- (b) If the purchase price is more than twenty thousand dollars (\$20,000.00), the manager may accept fifty percent (50%) of the bid price upon contract approval with the remaining fifty percent (50%) payable within 90 calendar days from the contract approval date. This fifty percent (50%) balance must, however, be covered by a payment surety bond.
- (c) The manager may accept payment for pulp sales from saw mills in lieu of payment directly from the timber sale operators prior to the cutting of the timber. A stumpage deduction contract (see Addendums) must be executed by the timber sale operator and the mill.

5. Administrative Requirements

- (a) Identification of forest products sales. The County wherein each forest products sale is located will be noted prominently on each sale contract.
- (b) Identification of sale area
 - (1) All forest products sale contracts will be designated by a number to be assigned by the manager. A sample number would be (SR-01-06): Savage River State Forest, sale number one (numbered consecutively), and fiscal year 2006.
 - (2) Amendments to sales will refer to the original sale contract, and append the number of the amendment (example: SR-01-06 Amendment 1).
- (c) Compliance with annual work plan
 - (1) All forest products sales with expected proceeds over one thousand dollars (\$1,000.00) shall be part of the annual work plan for the respective state land area.
 - (2) A certification to this effect signed by the land manager and the Environmental Specialist, will be submitted with the successful bid proposal and other sale documents (Certification Form).
- (d) Contract forms
 - (1) All contract forms will be prepared on letter size paper as provided (8-1/2 x 11 inches).
 - (2) All forest products sales exceeding \$5,000.00 will be formalized on the approved contract form (DNR-352 or DNR-352 WT, see Addendums).

- (i) The complete document will be made available to bidders and will serve as a bid proposal when filled in, and submitted in its entirety.
 - (ii) All contract forms must be completed and signed in ink.
 - (iii) All names must be typed directly below signature lines.
 - (3) All payment-in-kind sales will be submitted on the appropriate contract form (dependant on sale value). The amount (in cords) of processed firewood and where it is to be delivered must be described.
 - (4) All Stumpage deduction sales will be submitted on the Stumpage Deduction Agreement form (see Addendums).
- (e) Retention of sales documents
- (1) Managers will retain copies of all sale documents for three (3) years after the expiration date of the contract.

6. Penalties

- (a) In the event of contract violation or poor performance, the manager may, with the concurrence of the Environmental Specialist penalize the contractor with any or all of the following:
 - (1) Terminate the contract.
 - (2) Collect any or all posted bonds.
 - (3) Refuse to accept bids from that timber sale operator for a period of up to one year from the date of the violation.
 - (4) In the case of delivered firewood in lieu of cash payment (payment-in-kind) contracts, require the contractor to pay fair market value for any undelivered firewood.



Donald VanHassent
Acting Director / State Forester